SENATE BILL No. 285

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5-6-18; IC 6-3.5-6-18.3.

Synopsis: Dearborn County option income tax. Permits counties to adopt an ordinance that changes the basis of distribution of county option income tax (COIT) revenue from property tax levies to population.

Effective: Upon passage.

Nugent

January 7, 1999, read first time and referred to Committee on Finance.

Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 285

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3.5-6-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
(4) make payments permitted under IC 36-7-15.1-17.5;
(5) make payments permitted under subsection (i); and
(6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) **Except as provided in sections 18.3 and 18.5 of this chapter,** the amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of:

(1) the amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) a fraction. The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls. The denominator of the fraction equals the total property taxes that are first due and payable to all civil taxing units of the county during the calendar year in which the month falls.

(f) The state board of tax commissioners shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of:

(1) the amount to be distributed as distributive shares during that month; multiplied by

(2) a fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units

of that county for that calendar year.

This subsection does not apply to a county that has in effect an ordinance under section 18.3 of this chapter.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The state board of tax commissioners shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 2. IC 6-3.5-6-18.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 18.3. (a) This section applies to a county having a population of more than thirty-eight thousand five hundred (38,500) but less than thirty-nine thousand (39,000).**

(b) A county income tax council may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this section instead of a distribution under section 18 of this chapter.

(c) The ordinance is effective January 1 of the following year. The ordinance remains in effect until it is revoked.

(d) The amount of the certified distribution that each civil taxing unit is entitled to receive during May and November of each year equals the product of:

(1) the amount of the certified distribution for the month; multiplied by

(2) a fraction. For a city or town, the numerator of the fraction equals the population of the city or town that is within the county. For a civil taxing unit that is not a county, city, or town, the numerator of the fraction equals the population of the civil taxing unit that is within the county but not within a city or town. For a county, the numerator of the fraction equals the population of the county that is not within

a city or town. The denominator of the fraction equals the sum of the populations used in the numerators.

SECTION 3. **An emergency is declared for this act.**